



# Overview of Ellwood

AIMSE  
June 27, 2019

**Ellen Ogan Martel, AIF®**  
Senior Consultant/DC Practice Leader

**Alexander Farquhar, CFA®**  
Managing Director/Director of Research

# Agenda

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# Your Ellwood Team



**Alexander S. Farquhar, CFA**  
**Managing Director,**  
**Senior Consultant**

- 19 years of industry experience
- 19 years at Ellwood



**Ellen Ogan Martel, AIF®**  
**Senior Consultant, Defined**  
**Contribution Practice Leader**

- 24 years of industry experience
- 19 years at Ellwood

Backed by:



**Traditional  
Manager  
Research**



**Alternative  
Manager  
Research**



**Capital  
Markets**



**Outsourced Chief  
Investment Officer**



**Operational Due  
Diligence**



**Asset Allocation**

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# Overview of Ellwood

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# Key Facts

## Firm Founded

1977

## Location

Headquarters: Chicago

Office: Denver

## Assets

\$63 billion+

## Clients

200 client relationships, which include corporate and public retirement plans, endowments, foundations, hospitals, high-net worth individuals, and wealth advisors.

## Employees

56 employees; 44 of whom are investment professionals.  
Consultants have an average firm tenure of 15 years.

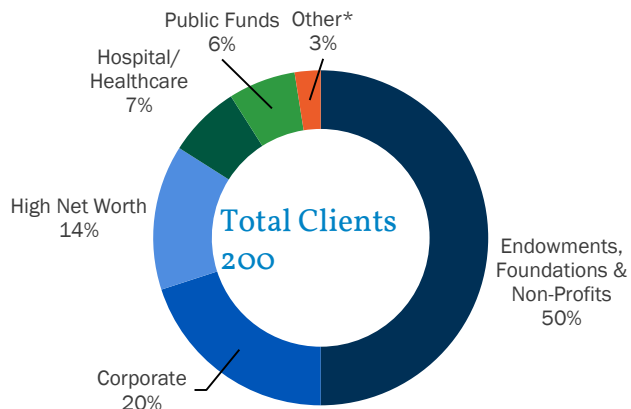
## Ownership

100% employee-owned

# Ellwood's Client Breakdown

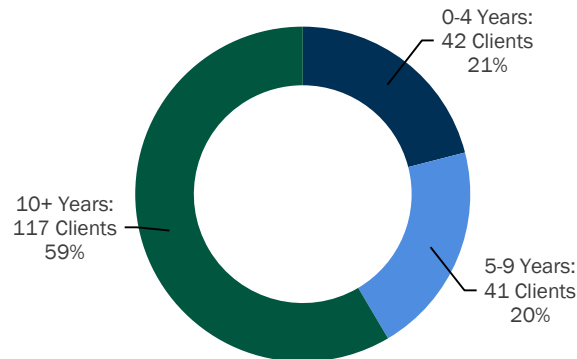
As of March 31, 2019

## Number of Client Relationships by Client Type

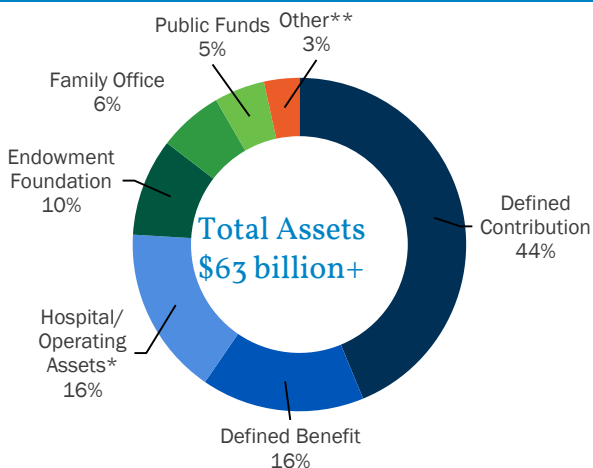


\*Other includes Asset Allocation/Investment Manager Research Outsourcing, and Wealth Management Advisory Service clients.

## Client Tenure



## Assets Under Advisement by Portfolio Type



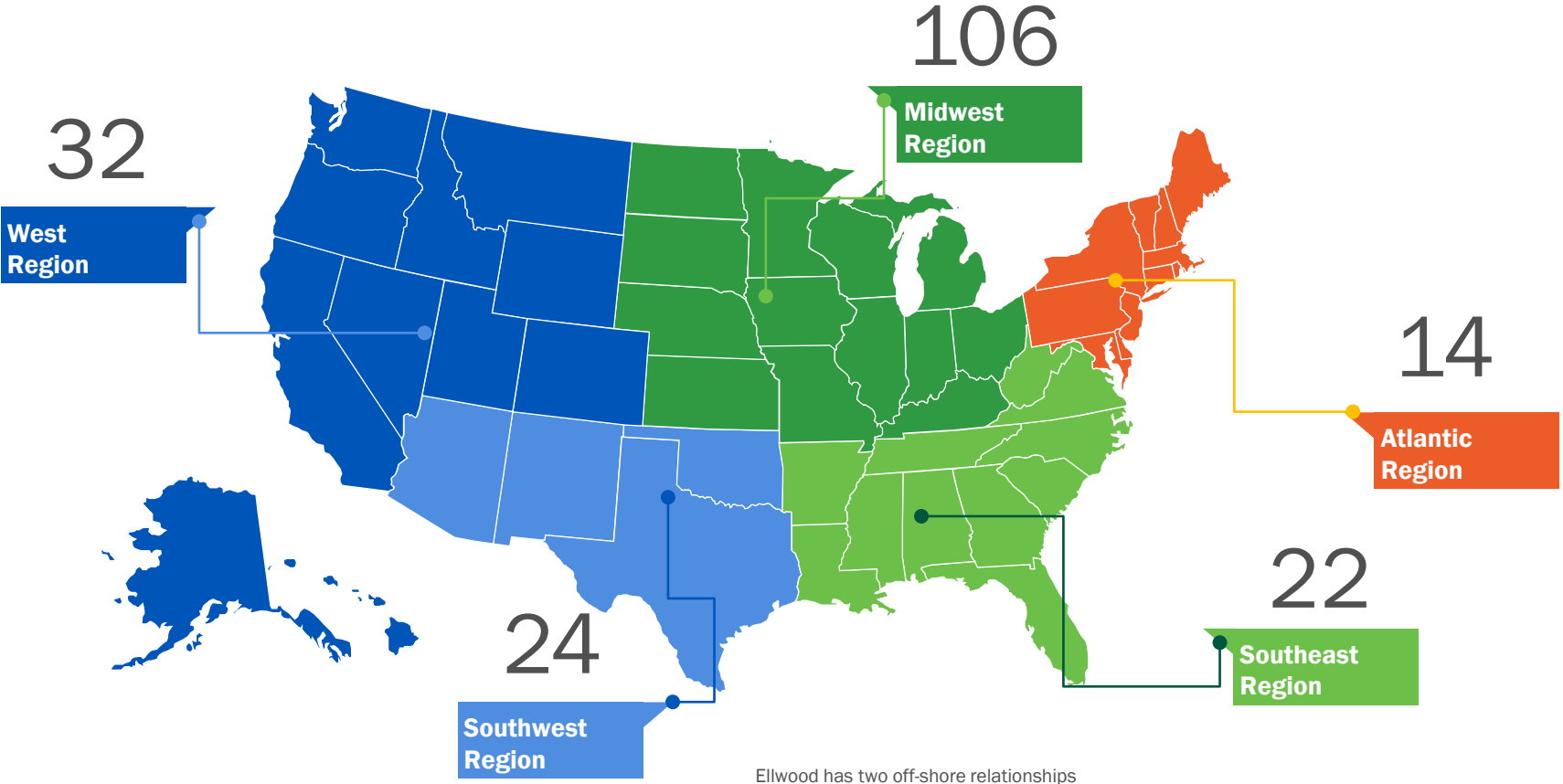
\*Includes Corporate, Hospital/Healthcare, and Non-Profit Operating assets.

\*\*Other includes Deferred Compensation, OPEB, Nuclear Decommissioning Trust, and Insurance assets.

Note: Market values as of 12/31/2018.

- Ellwood currently serves 200 client relationships.
  - Of these clients, approximately 59% (117) have been with Ellwood for 10 years or longer.
  - 79% (158) of our clients have had a relationship with Ellwood for 5 years or longer.

# Ellwood's Clients



# Experience and Continuity of Key Professionals

## Experience of Key Professionals

	Total Years of Investment Experience	Years at Ellwood
Kristi J. Bieber Gibbs	28	28
Kyle G. Clifford, CAIA	8	8
Dale A. Connors, CFA	33*	21
Timothy R. Egan	28	23
Sarah Chobot Falgiatano	11	11
Alexander S. Farquhar, CFA	19	19
Andrew C. Fiegel, CFA, CAIA	11	11
Daniel R. George, CFA, CAIA	28	20
Elliot S. Greenberg, CFA	9	9
Christopher D. Krakowski, CFA, CAIA, FRM	14	9
Ellen Ogan Martel, AIF®	24	19
Joseph C. Marzano, CFA	21	9
Scott R. Meggenberg	22	22
Charles D. Mohr, CFA	13	13
David W. Ramsour, CFA	18	14
Paul B. Schreder, CFA	19*	12
Andrew W. Schwark, CFA, CAIA	14	9
Daniel E. Simon, CFA, CAIA	24	19
Brian P. Thrasher	9	9
Susan B. Toth	25	25
Kevin Van Buskirk	9	9
Aaron W. Ward, CFA	14	14
Matthew F. Winton	22	22
Kevin G. Yoshida, CFA	27*	21
Average	19	16

\*Years at Ellwood includes tenure at Watershed Investment Consultants, which Ellwood purchased on May 31, 2016.

## Consulting Team Biographies

### Alexander S. Farquhar, CFA *Managing Director, Senior Consultant*

Alex Farquhar is a managing director at Ellwood and joined our firm in 2000. As managing director of manager research, Alex is a member of the firm's management committee and oversees the firm's investment manager research process. Alex serves as the primary consultant to several Ellwood clients with a focus on corporate retirement plans, endowments, foundations, healthcare institutions, and family offices. Additionally, he is a member of Ellwood's OCIO committee. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Chicago. Alex received his Bachelor of Science in finance from University of Arizona in Tucson, Arizona.

### Ellen Ogan Martel, AIF® *Senior Consultant, Defined Contribution Practice Leader*

Ellen Martel is a senior consultant at Ellwood and joined our firm in 2000. As the practice leader for defined contribution plans, Ellen is responsible for overseeing services and improving the firm's best strategic thinking regarding the evolution of defined contribution plans and the regulatory changes affecting them. Ellen serves as the primary consultant to several Ellwood clients with a focus on corporate retirement plans, endowments, foundations, and healthcare institutions. Prior to joining Ellwood, Ellen worked as a high-yield fixed income securities analyst at Lincoln Capital Management, a Chicago-based investment firm. Ellen earned the Accredited Investment Fiduciary (AIF®) designation. She received her Bachelor of Science with a double major in finance and marketing from Creighton University in Omaha, Nebraska. Ellen serves on the board of the Defined Contribution Institutional Investment Association (DCIIA) and Leaders Investing for Tomorrow (LIFT). She is a past board member and current member of the Women Investment Professionals (WIP) – Chicago and a member of Plan Sponsor Council of America (PSCA).



# Why Ellwood

## Independent

Established in 1977, we are 100% employee-owned and derive revenue solely from client fees, which aligns our clients interest with ours

01

## Professional Talent

56 total employees  
23 consultants  
20 Performance and research analysts

02

## Consulting Team

Our consultants average 19 years of investment experience and 16 years at Ellwood.

03

## Extensive Resources

Backed by data from research firms and managers, including: eVestment Alliance, PerTrac, Morningstar, Backstop, Investment Metrics

04

## Our Size

We can concentrate client capital among our highest conviction managers without compromising our research

05

## Alignment of Interests

As owners of our business, we prosper only if our clients prosper

06

# Charting a Course for Growth

## Ellwood's Focus



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# Defined Contribution Services

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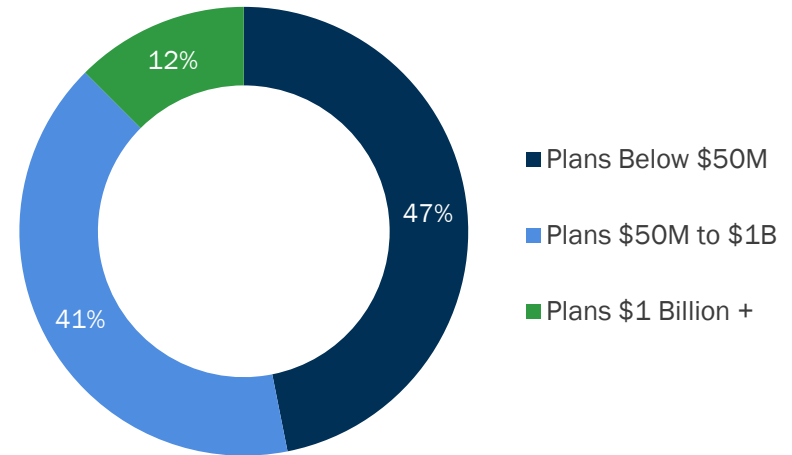
# Defined Contribution Summary:

As of December 31, 2018

## Plan Statistics

- Number of Plans: 64
- Total DC Assets: \$33 Billion
- Median DC Plan Size: \$54 Million

## Plan Size Breakdown



- Ellwood has been advising retirement plan clients since our firm's inception in 1977. In fact, we are proud to say that our very first client, a defined contribution plan retained in 1978, continues to be our client today.

# Ellwood Defined Contribution Team Structure

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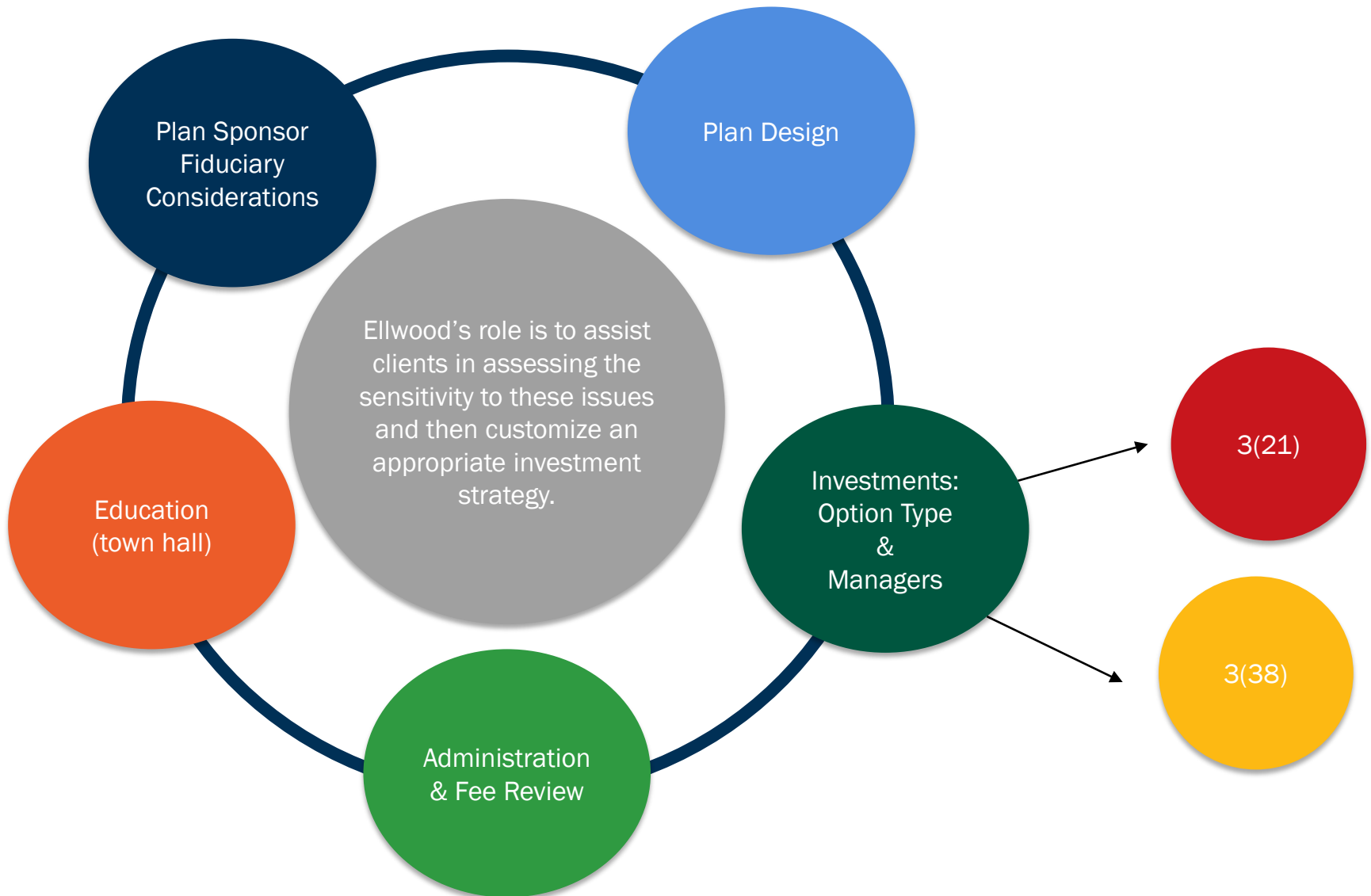
Ellen Ogan Martel  
*Senior Consultant*  
Defined Contribution Practice Leader

Sarah Falgiatano  
*Consultant*  
*Director of DC Manager Research*  
*(DCIO)*

Katie Eldred  
*Consultant*

*Research Analysts*

# Key Ellwood Services of Defined Contribution Plans



# Provide a Tiered Investment Option Approach for all Participants

- The DC Plan industry is evolving to streamline participant communication/education and the investment line-up to help guide participants when making retirement planning decisions.
- Studies show that many participants cannot distinguish between investment options. Categorizing the investment options by differentiating factors assists the participant decision making process and understanding.

Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Target Date Funds	Index Funds	Active Funds	Retirement Income	Brokerage Window
<b>Do It For Me</b>	<b>Help Me Manage My Investments</b>	<b>Help Me Manage My Investments</b>	<b>Help Me Manage My Spending</b>	<b>I Want Full Control</b>
<ul style="list-style-type: none"> <li>– Does not have knowledge or desire to set asset allocation or select managers</li> </ul>	<ul style="list-style-type: none"> <li>– Varying levels of engagement</li> </ul>	<ul style="list-style-type: none"> <li>– Varying levels of engagement</li> </ul>	<ul style="list-style-type: none"> <li>– Targets participants in or approaching retirement</li> </ul>	<ul style="list-style-type: none"> <li>– More sophisticated participants that may use an advisor</li> </ul>
<ul style="list-style-type: none"> <li>– Prefers no decision</li> </ul>	<ul style="list-style-type: none"> <li>– Prefers low-cost control but overwhelmed by the entire global opportunity set</li> </ul>	<ul style="list-style-type: none"> <li>– Prefers control but overwhelmed by the entire global opportunity set</li> </ul>	<ul style="list-style-type: none"> <li>– Prefers assistance on how to decumulate assets</li> </ul>	<ul style="list-style-type: none"> <li>– Prefers significant flexibility and choice</li> </ul>



# Best Practices: Defend Your Fiduciary Status

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## CHARTER

Have a Committee Charter so the members understand their roles and responsibilities.



## POLICY

Adopt an Investment Policy Statement, review it annually, and ensure it is properly followed.



## DELEGATE

Hire an outside Investment Advisor that acknowledges it acts under ERISA as a non-discretionary 3(21) investment advice fiduciary or as a discretionary 3(38) fiduciary.



## PLAN FEES

Review and understand all Plan Fees including revenue sharing arrangements, if any.



## MINUTES

Regularly Meet and Document discussions and decisions in meeting minutes.



## TRAINING

Conduct Fiduciary Training for committee members.



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# Investment Manager Research

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# Manager Research Structure

**Alexander S. Farquhar, CFA**  
*Director of Manager Research*

## TRADITIONAL MANAGER RESEARCH

**Elliot S. Greenberg, CFA**  
*Director of Traditional Manager Research*

U.S. Value/Core	U.S. Growth/Core	Non-U.S. Developed	Fixed-Traditional	Opportunistic
A. Fiegel, CFA, CAIA <i>Consultant</i>	B. Thrasher <i>Consultant</i>	D. Thibodeau, CFA <i>Consultant</i>	E. Mulh, CFA <i>Sr. Research Analyst</i>	C. Krakowski, CFA, FRM <i>Sr. Consultant</i>
		Non-U.S. Emerging	Fixed-Opportunistic	
		K. Eldred <i>Consultant</i>	J. Marzano, CFA <i>Senior Consultant</i>	

## ALTERNATIVE MANAGER RESEARCH

**David W. Ramsour, CFA**  
*Director of Alternative Manager Research*

Hedge Funds	Private Equity	Private Credit	Value Add/Opp. Real Estate	Real Assets
C. Mohr, CFA <i>Consultant</i>	K. Clifford, CAIA <i>Consultant</i>	A. Sramek, CFA, CAIA <i>Director of Quant. Research</i>	K. Van Buskirk <i>Research Consultant</i>	E. Mulh, CFA <i>Sr. Research Analyst</i>
			Core Real Estate	
			D. Connors, CFA <i>Senior Consultant</i>	

## Mission/ESG Investing

A. Fiegel, CFA, CAIA  
*Consultant*

## Operational Due Diligence\*

L. Reider, CAIA  
*Operational Due Diligence Manager*

## TRADITIONAL MANAGER RESEARCH COMMITTEE

S. Falgiatano  
*Consultant*  
 11 Years' Experience

T. Egan  
*Senior Consultant*  
 27 Years' Experience

M. Winton  
*Senior Consultant*  
 21 Years of Experience

E. Greenberg, CFA  
*Consultant*  
 8 Years of Experience

## ALTERNATIVES INVESTMENT COMMITTEE

David W. Ramsour, CFA  
*Senior Consultant*  
 17 Years of Experience

Scott Meggenberg  
*Senior Consultant*  
 21 Years of Experience

Paul Schreder, CFA  
*Senior Consultant*  
 18 Years of Experience

Daniel George, CFA  
*Managing Director*  
 27 Years of Experience

\*As Operational Due Diligence Manager, LeeAnn's primary responsibility is reviewing and evaluating the operational risks of alternative investment entities. For Traditional Manager Research, she serves as an additional resource.

# General Client Themes on Manager Allocations

## *Traditional Investments*

- Reducing risk, particularly within fixed income portfolio structures.
- Remain supporters of active management, particularly U.S. small cap, global equity, international equity, and fixed income
- Utilize passive management mostly U.S. large-cap and Developed Non-U.S. markets.
- Adoption of ESG investing has been slow, interest remains high
- Slow adoption of factor investing

## *Alternative Investments*

- Allocations to private equity, private real estate and private credit remain high
- Mixed interest in commodity/real assets
- Hedge fund allocations has been decreasing but stabilized
- Use of fund-of-funds strategies very low

# Manager Research Focus 2019

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## Traditional Investments

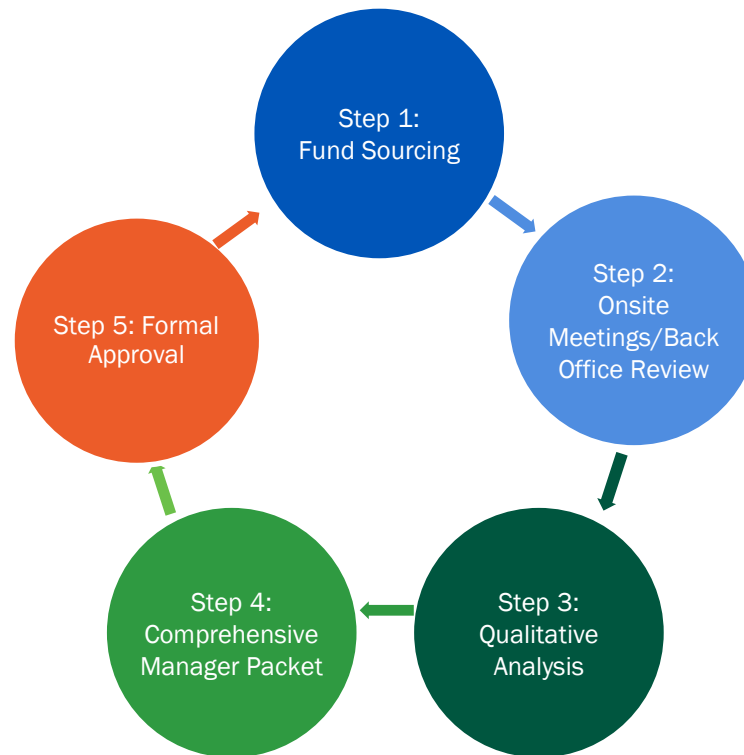
1. ESG/Impact
2. Factor Based Risk Analysis
3. Traditional research areas of interest: a) International small cap equity, b) Global equity, Multi-sector fixed income

## Alternative Investments

1. Real Estate/Private Equity: direct boutique middle market managers with a singular firm focus
2. Impact/ESG
3. Hedge Fund: identify a small number of liquid alts managers for use in smaller portfolios
4. Opportunistic opportunities in the less liquid space (opportunity to put capital to work in a downturn).

# Ellwood's Manager Due Diligence Process

- As with the traditional manager research process, the alternative due diligence process utilizes a team structure grouped by asset class/investment style.



# Selecting/Monitoring Asset Managers

## Ellwood Biases For Active Managers

01

### Ownership model

Privately held/strong alignment with clients.  
Simple business model (asset management)

02

### Focus

Long-term business and strategy focus

03

### Team

Stable and talented

04

### Strategy

Concentration, high active share

05

### Growth

Prudent asset growth and trends

## Flags to Monitor



High fees



Asset growth/gathering



Short-term focus



Over-diversification, low active share



Restrictive guidelines, narrow and inflexible  
asset classes



Excessive trading

# Endnotes

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